



North Carolina Department of Health and Human Services

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Michael F. Easley, Governor

Carmen Hooker Odom, Secretary

December 15, 2006

The Honorable Verla Insko, Co-Chair
The Honorable Martin Nesbitt, Co-Chair
Joint Legislative Oversight Committee on MH/DD/SAS
2121 Legislative Building
Raleigh, NC 27601

Dear Representative Insko and Senator Nesbitt:

Enclosed please find the final reports from Heart of the Matter Consulting, Inc. for the Long Range Plan Study and the Financing Alternatives Study. As you know, Heart of the Matter Consulting, Inc. was selected by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS) through a competitive bid process to develop the Long Range Plan and the alternative financing strategies required by the General Assembly in S. L. 2005-276.

The final report contains a number of recommendations for policy changes designed to reduce the overall cost of addressing the service gaps identified in the Long Range Plan report. The Department of Health and Human Services is already moving forward on pursuing a number of those suggestions that can be implemented within our existing statutory authority, such as working with Local Management Entities (LMEs) to develop more effective ways of managing State hospital utilization. We also intend to consider pursuing the statutory changes that would be necessary to implement other recommendations, for example, the recommendation to institute standardized, statewide "ability to pay" guidelines. The report also includes a number of recommendations that we believe warrant further study by the Department and the General Assembly to ensure that the potential consequences of enacting such recommendations are fully understood. We include in this category the consultants' recommendations to decertify community ICFs/MR, pursue a Medicaid waiver to permit limitations on the number of eligible service providers, "aggressively" downsize state facilities, and implement rules to prohibit the use of state funds to provide services or supports to Medicaid eligible consumers.



It is my understanding that Dr. Christina Thompson of Heart of the Matter Consulting, Inc., is scheduled to give a formal presentation on these two reports to the LOC on January 3, 2007. In the meantime, DMH/DD/SAS staff are available to respond to any questions.

Sincerely,



Carmen Hooker Odom

cc: Dr. Allen Dobson
Mike Moseley
Kory Goldsmith
Andrea Russo-Poole



DEPARTMENT OF HEALTH AND HUMAN SERVICES

NOTES TO THE READER OF THE LONG-RANGE PLAN FOR MEETING MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE ABUSE SERVICES NEEDS FOR THE STATE OF NORTH CAROLINA REPORT

- The federal Substance Abuse and Mental Health Services Administration (SAMHSA) publishes nationally accepted data on the average number of individuals in the United States who receive treatment for mental health and substance abuse disorders. There is not corresponding accepted data on the national average treated prevalence for consumers with developmental disabilities.
- In meeting the legislative mandate to project “growth in services for each disability group ...that can reasonably be managed over the ensuing five-year period” (SB 622 Section 10.24.(a)(3)), Heart of the Matter Consulting, Inc., the author of the report, projected caseload increases each year designed to move North Carolina toward the SAMHSA national average treated prevalence for mental health and substance abuse. In the absence of a similar benchmark for developmental disabilities, this report projects growth in the developmental disabilities caseload proportionate to the growth in overall population.
- All of the maps contained in this report are intended to help the reader compare North Carolina counties to one another on various measures. The maps should not be interpreted to reflect the counties’ comparison to national data. For example, all North Carolina counties are below the national average treated prevalence for serious mental illness, including Johnston, Sampson, Duplin, etc. which are displayed as “Above Average” within North Carolina on Exhibit 13.
- In making projections of the funding that will be needed to meet the service needs of individuals with mental illness, developmental disabilities and substance use disorders over the next five years, the consultants made assumptions regarding certain services that would be reduced during that period of time as well as those that would increase. The funds from the services that were projected to be reduced lowers the estimate of additional funds needed. Among the services projected to be reduced were community ICFs/MR and all types of state-operated facilities. If those reductions do not occur as projected, additional funds will be required to fund the increased community services.
- Finally, as the report details, Heart of the Matter Consulting, Inc. developed several complex statistical computer models for North Carolina as a component of this project. The models are very flexible and the assumptions within the models can be changed by the state to reflect changes in state policy or additional information in the future. If state policy-makers disagree with the assumptions the consultants have outlined in this report, the models can be adjusted to reflect different criteria.